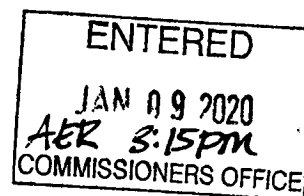


COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
ADMINISTRATIVE AGENCY ACTION NO. 2018-AH-00098



DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

FINAL ORDER

SUNSET CAPITAL ASSETS, INC.

RESPONDENT

Comes now the Department of Financial Institutions (“DFI”), pursuant to Kentucky Revised Statute (“KRS”) 292.470, KRS 292.500 and 808 Kentucky Administrative Regulation (“KAR”) 10:225, by counsel, and hereby enters a **Final Order** against Sunset Capital Assets, Inc. (“Sunset Capital”). In support thereof, DFI states as follows.

PARTIES

1. DFI is responsible for administering the provisions of KRS Chapter 292, the Securities Act of Kentucky (“the Act”), as well as any applicable rules, regulations and orders entered pursuant to the Act.

2. Sunset Capital is a Florida company with a principle business address of 1637 Racetrack Road, Suite 116, St. John’s Florida, 32259. John Bert Watson Sr. is the President and CEO of Sunset Capital. Sunset Capital is not registered with DFI to solicit or offer securities.

SERVICE OF THE ADMINISTRATIVE COMPLAINT

3. On March 14, 2019, DFI sent, via certified mail, a copy of an Administrative Complaint to Respondent, to the last known business address of 1637 Racetrack Road, Suite 116 St. John’s Florida, 32259. The Administrative Complaint was returned as unclaimed.

4. On April 18, 2019, DFI sent copies of an Administrative Complaint to an alternative address of 12627 San Jose Blvd., Suite 604, Jacksonville, FL 32223, via certified mail. The Administrative Complaint was delivered on April 23, 2019, USPS tracking number 70171000000027633140. In addition, the Administrative Complaint was resent to Jeffery S. Betros, Agent for Service, 1637 Racetrack Road, Suite 116, St. Johns, FL 32259. The Administrative Complaint was delivered on May 1, 2019, USPS tracking number 70171000000027633133.

5. DFI received a responsive letter dated May 10, 2019 requesting a two week extension to file an Answer. The Department granted an extension to file an Answer until May 28, 2019. Respondent failed to Answer the complaint, request additional time to file an Answer beyond May 28, 2019 and did not request a hearing on the matter. DFI now enters this Final Order.

STATEMENTS OF FACT

6. Sunset Capital marketed themselves to investors as a boutique global investment and advisory firm. In early 2015, Bert Watson Jr., on behalf of Sunset Capital, initiated contact with investor DB, a Kentucky resident, through telephone and emails, in order to solicit investments in Sunset Capital. In addition, between 2011 and 2015, Respondent solicited investments from investor NS, another Kentucky resident. Both DB and NS ultimately invested in Sunset Capital.

7. During communications with DB and NS, Sunset Capital represented that the proffered investment was a Regulation D qualified investment and solicited DB as an accredited investor. However, Sunset Capital failed to request any financial documents from DB, or otherwise verify his qualification status as an accredited investor. In addition, Sunset Capital failed to notice file for any investment offering, or exemption, with DFI.

8. Furthermore, Sunset Capital solicited investors with the assurance that the company would be listed on the NASDAQ within a short period of time from the solicitation of the investment. There was no documentation or evidence supporting the Respondent's claim that the company was positioned for imminent approval to become a NASDAQ traded entity anytime during or directly after the solicitations.

9. Moreover, Respondent utilized investor monies for unauthorized and undisclosed personal use, unrelated to the operations or activities of the business.

10. As a result of the above stated activities, Respondent was not registered to offer the securities nor did the Respondent qualify for an exemption from registration, in violation of KRS 292.340. Furthermore, Respondent misrepresented the trading potential of the entities stock on the NASDAQ exchange and failed to disclose the personal use of investor money in violation of KRS 292.320(1).

STATUTORY AUTHORITY

11. KRS 292.320 (1) states:

“(1) It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly:

(a) To employ any device, scheme, or artifice to defraud;

(b) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or

(c) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.”

12. KRS 292.340 states:

“It is unlawful for any person to offer or sell any security in this state; unless the security is registered under this chapter, or the security or transaction is exempt under this chapter, or the security is a covered security.”

13. KRS 292.470(3) states:

“Whenever it appears to the commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order under this chapter, the commissioner may in his or her discretion bring any or all of the following remedies:

(3) Issue a final order, after notice and an opportunity for a hearing, containing findings of fact and conclusions of law, directing any person or persons found to have engaged in, or about to be engaged in, activity that constitutes a violation of this chapter or any rule or order under this chapter:

(a) To cease and desist from the activity;

(b) To perform any other reasonable mandates directed by the commissioner pursuant to an appropriate remedy fashioned by the commissioner and reasonably calculated to carry out the provisions of this chapter; or

(c) To pay fines assessed under KRS 292.500(14) and costs assessed under KRS 292.500(15).”

14. KRS 292.500(14) states:

“The commissioner may impose civil fines against any person who violates any provision of this chapter or any rule or order or voluntary agreement entered into under this chapter. The fine shall not exceed twenty thousand dollars (\$20,000) per violation, except when the violation is directed at or results in monetary damage to one (1) or more individuals who are sixty (60) years of age or older, the commissioner may impose an additional fine not to exceed twenty thousand dollars (\$20,000) per violation. Each act or transaction which violates this chapter or administrative regulation, or orders or agreements entered into under this chapter, shall constitute a separate violation. Any employer or principal shall be jointly and severally liable for fines imposed in connection with the conduct of employees or agents.”

CONCLUSIONS OF LAW

15. Respondent failed to register the offered securities, nor did the Respondent qualify for an exemption from registration, in violation of KRS 292.340.

16. Respondent misrepresented the trading potential of the investment on the NASDAQ exchange in violation of KRS 292.320(1)

17. Respondent failed to disclose the personal use of investor money in violation of KRS 292.320(1).

ORDER

THEREFORE, based upon the foregoing Findings of Fact, Statutory Authority and Conclusions of Law, the Commissioner hereby ORDERS:

1. Respondent to pay a fine in the amount of forty five thousand dollars (\$45,000.00) for three violations of the Act, pursuant to KRS 292.500(14);

2. Respondent to CEASE and DESIST from all unregistered activity in the state of Kentucky, pursuant to KRS 292.470(3)(a);

3. Respondent shall pay restitution to investors; and

4. Any other relief which may be appropriate and to which DFI is entitled.

IT IS SO ORDERED on this the 9th day of JANUARY, 2020.



CHARLES A. VICE
COMMISSIONER

Certificate of Service


I hereby certify that a copy of the foregoing **FINAL ORDER** was sent by certified mail return receipt requested on this the 9th day of January, 2020, to:

Sunset Capital Assets, Inc.
12627 San Jose Blvd., Suite 604
Jacksonville, FL 32223

Jeffrey S. Betros, Agent for Service
1637 Racetrack Road, Suite 116
St. Johns, FL 32259

Hand delivered to:

Catherine Falconer, Attorney
Department of Financial Institutions
1025 Capitol Center Drive, suite 200
Frankfort KY 40601


Name: Allison Reed
Title: Executive Staff Advisor